



Washington County
Oregon

THE HOUSING AUTHORITY OF WASHINGTON COUNTY

A Component Unit of Washington County, Oregon

FINANCIAL STATEMENTS & OTHER SUPPLEMENTARY INFORMATION



FOR THE FISCAL YEAR ENDED JUNE 30, 2023



Washington County Oregon

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**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Governing Body Under ORS 456.095
Housing Authority Board of Directors
Washington County, Oregon
155 North First Avenue
Hillsboro, Oregon 97124-3091

Board of Directors as of June 30, 2023

<u>Name</u>	<u>Term Expires</u>
Kathryn Harrington* Director	December 31, 2026
Nafisa Fai* Director	December 31, 2024
Pam Treece* Director	December 31, 2026
Roy Rogers* Director	December 31, 2024
Jerry Willey* Director	December 31, 2026
Caroline Roper Director	January 1, 2027
Michael Savara Director	December 31, 2023

* Directors also serve on the Washington County Board of Commissioners

Housing Authority Administrative Staff

Michael Buonocore, Interim Executive Director, at June 30, 2023
Molly Rogers, Executive Director, Current

Washington County Administrative Staff

Tanya Ange, County Administrator
Greg Munn, Treasurer & Chief Financial Officer
Molly Rogers, Executive Director, Current
YaLing Huang-Dressel, Housing Services Controller



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Washington County Oregon

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January 19, 2024

To the Housing Authority Board of Directors and Citizens of Washington County, Oregon:

The Housing Authority of Washington County (the Authority) is pleased to present audited financial statements for the fiscal year that ended June 30, 2023. This report consists of management's representations concerning the finances of the Authority. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with management. Generally accepted accounting principles (GAAP) require that Management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report on the basic financial statements.

Housing Authority Programs

The Authority strives to provide opportunities for low-income individuals and families to obtain decent, safe, and affordable housing in Washington County in a variety of ways:

- The Section 8 Housing Choice Voucher program is the largest program administered by the Authority. It provides rental subsidies to low-income households. Under the program, the Authority provides a subsidy that is the difference between the "payment standard" established for a given unit size and up to 40 percent of the participant's income. The Authority is responsible to maintain a program waiting list, determine the applicant's eligibility, inform the applicant of program requirements, ensure that the rental unit selected by the participant meets housing quality standards, enter a housing assistance payment contract with the owner, respond to landlord/client issues, and recertifies each resident's income annually per the U.S. Department of Housing and Urban Development (HUD) guidelines to maintain housing eligibility. The Authority is authorized to serve up to 3,270 households with vouchers throughout the fiscal year 2022-23, subject to housing assistance payment funding availability.
- Family Self-Sufficiency (FSS). An interest-bearing escrow account is established by the Authority for each participating FSS family. Any increases in the family's rent as a result of increased earned income during the family's participation in the program result in a credit to the family's escrow account. Once a family graduates from the program, they may access the escrow and use it for any purpose, such as purchasing a home, starting a business, or paying for education.

- The Low Rent Public Housing program provides housing directly to 244 families in Authority-owned, HUD-subsidized rental housing. These units, primarily single-family dwellings and duplexes, were acquired by the Authority between 1979 and 1996. Rent is based on income, and HUD provides an operating subsidy and capital improvement funds.
- The Authority owns two Project-Based Section 8 rental properties for low-income seniors, Holly Tree Village in Beaverton and Tarkington Square in Hillsboro, totaling 188 units. Like the regular Section 8 program, the rent is based on income, and the Authority receives an operating subsidy to supplement rent receipts. Other subsidized properties include a 12-unit US Department of Agriculture-supported property, Kaybern Terrace, two houses of Specialty Housing for developmentally disabled persons, three rental units acquired with federal NSP (Neighborhood Stabilization Program) funds, and five units from County tax foreclosures.
- The Authority serves as the sole member of the HAWC Cornelius Village LLC and the HAWC Aloha Inn LLC.
 - HAWC Cornelius Village LLC owns Cornelius Village Apartments, a 14-unit multi-family apartment located in Cornelius.
 - HAWC Aloha Inn LLC acquired Aloha Inn (Heartwood Commons) in January 2021. This property was converted to a regulated affordable housing project with 54 studio bedrooms located in Aloha.
- The Authority also owns 84 units of regulated affordable housing, in 7 locations, which do not receive direct rental subsidies. These units are priced for families earning under 60% of the area median income (AMI). The Authority co-owns 711 units of affordable housing in Beaverton, wherein 40% of the units are priced for families earning under 60% area median income, and 60% of the units are priced for families earning under 80% area median income.

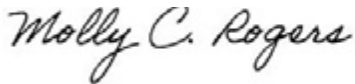
Strategic Planning 2017-2027 Initiatives

The Authority's 2017-2027 Strategic Plan sets forth the strategic direction of the Authority by describing the Authority's mission, its guiding values and a set of core strategies for each program and division of the Authority. In the last year, the Authority has made progress including these major initiatives:

- The Authority was recently awarded Moving to Work (MTW) status by the Department of Housing and Urban Development (HUD). The Authority is now actively working to implement several new key projects and HUD approved initiatives including rent reform activities. This is being done in partnership with MDRC who was hired by HUD to work with the authority.
- The Authority is partnering with the Beaverton School District to create a homeless program for families of homeless students. This is being done in accordance with HUD MTW approval and flexibility.
- The Authority partnered with the State of Oregon to create a program to assist rent burdened seniors in a project with expiring affordability called Woodspring Apartments. State funds are being utilized for this program.
- The Authority fully utilized the Emergency Housing Vouchers (EHV) allocated by congress and HUD as an emergency response to the pandemic and the crisis of homelessness.
- The Authority continues to participate in the Family Self Sufficiency (FSS) program to assist our federal housing clients in increasing their earned income and finding meaningful employment.

- The Authority has allocated project-based vouchers into several new affordable housing developments throughout the County, which allows the Authority to help drive affordable housing development and increase the supply in a high-cost County.
- The Authority utilized Metro Affordable Housing Bond and Washington County Housing Production Opportunity Fund to acquire a hotel in Aloha and began the conversion process to turn it into 54 units of Permanent Supportive Housing for homeless individuals.
- The Authority is also responsible for development and portfolio management, either directly or through a wholly-owned affiliate that may work with developers, financial institutions and government agencies to build or acquire/rehabilitate thriving affordable housing communities in Washington County. The Authority serves as a Special Limited Partner for the following current and developing projects.
 - 236-unit Sunset View Apartments in Beaverton
 - 120-unit Willow Creek Apartments in Hillsboro
 - 264-unit Fields Apartments in Tigard
 - 81-unit Viewfinder in Tigard
 - 36-unit The Valfre at Avenida 26 in Forest Grove
 - 144-unit Terrace Glen in Tigard

Respectfully Submitted,



Molly Rogers
Executive Director



YaLing Huang-Dressel
Housing Services Controller



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of Washington County, Hillsboro, Oregon, (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of HAWC AHP4 LP (AHP4) and The Valfre at Avenida 26 LP (The Valfre), which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for AHP4 and The Valfre are based solely on the reports of the other auditors.

We did not audit the financial statements of Quatama Housing LP (Quatama) and Willow Creek Crossing LP (Willow Creek), equity investments of the Authority which represent approximately two and one percent, respectively, of total assets at June 30, 2023, six and three percent, respectively, of total net position, and zero and zero percent, respectively, of total revenues for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Quatama and Willow Creek are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of AHP4, The Valfre, Quatama and Willow Creek were not audited in accordance with *Government Auditing Standards*.



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INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Other Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is required by the U.S. Department of Housing and Urban Development who considers it to be an essential part of financial reporting. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and the work of other auditors and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Letter of Transmittal, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection, with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

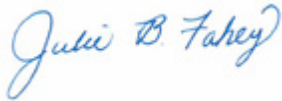
INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated January 19, 2024, on our consideration of the Authority's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

A handwritten signature in blue ink that reads "Julie B. Fahey". The signature is written in a cursive style.

For Talbot, Korvola & Warwick, LLP
Portland, Oregon
January 19, 2024

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis
June 30, 2023
(Dollars in thousands)

As management of the Housing Authority of Washington County (the Authority), a component unit of Washington County, Oregon, we offer readers of the Authority's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider information presented here in conjunction with the financial statements, which begin on page 14. All amounts in this Management's Discussion and Analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$39,817. Of this amount \$8,718 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by \$4,767. The growth was due to the operating income of \$3,511, non-operating net income of \$754, and capital contributions of \$502.
- The Authority's debt decreased by \$646.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) financial statements and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. For purposes of financial statement presentation, the Authority is classified as an enterprise fund type, and financial statements present only business-type activities.

The *Statement of Net Position* provides information about the Authority's assets, liabilities, and deferred inflow of resources, with the difference reported as the net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The *Statement of Cash Flows* presents information showing how the Authority's cash and cash equivalents changed during the most recent fiscal year.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis, Continued
June 30, 2023**

(Dollars in thousands)

The basic financial statements and related notes can be found on pages 14 through 27 of this report.

Authority Financial Analysis

Assets, Liabilities, Deferred Inflow of Resources, and Net Position

The following provides a summary of the Authority's net position for 2023 compared to 2022.

	Dollars in thousands		
	2023	2022	Change
Assets:			
Assets, excluding capital assets	\$ 58,637	\$ 59,065	\$ (428)
Capital assets, net	36,610	31,414	5,196
Total assets	<u>95,247</u>	<u>90,479</u>	<u>4,768</u>
Liabilities:			
Other current liabilities	3,509	2,396	1,113
Long-term liabilities	12,137	12,826	(689)
Total liabilities	<u>15,646</u>	<u>15,222</u>	<u>424</u>
Deferred inflow of resources	<u>39,783</u>	<u>40,207</u>	<u>(424)</u>
Net position:			
Net investment in capital assets	23,700	17,838	5,862
Restricted	7,399	7,008	391
Unrestricted	8,718	10,204	(1,486)
Total net position	<u>\$ 39,817</u>	<u>\$ 35,050</u>	<u>\$ 4,767</u>

As noted earlier, the net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities and deferred inflow of resources by \$39,817 at the close of the most recent fiscal year.

Assets increased by \$4,768 during FY 2022-23. Assets excluding capital assets decreased by \$428. Capital assets increased by \$5,196 due to additions to buildings and improvements amounting to \$5,632, to construction in progress amounting to \$1,225, to vehicles amounting to \$7 which was partly offset by depreciation costs in amount of \$1,669.

Liabilities increased by \$424. Current liabilities increased by \$1,113 and long-term liabilities decreased by \$689.

Net investment in capital assets has a balance of \$23,700, the restricted net position totals \$7,399, consists of \$223 for outstanding HAP checks; \$3,503 set-aside required by the investor member for AHP4 project; \$1,974 replacement reserve for affordable housing apartments; \$1,118 affordable housing county bond reserve for debt services; \$578 HAP funds and FSS escrow forfeiture account restricted by HUD; and \$3 retainage in escrow for property insurance required by loan agreements.

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis, Continued
June 30, 2023**

(Dollars in thousands)

The total net position of the Authority increased by \$4,767. The net investment in capital assets increased by \$5,862. The restricted net position increased by \$391, and the unrestricted net position decreased by \$1,486.

Change in Net Position

The following provides a summary of the Authority's change in net position for 2023 compared to 2022:

	Dollars in thousands		
	2023	2022	Change
Operating revenues:			
Intergovernmental revenues	\$ 45,978	\$ 67,072	\$ (21,094)
Rental income	5,344	8,007	(2,663)
Other revenue	1,372	5,686	(4,314)
Total operating revenues	<u>52,694</u>	<u>80,765</u>	<u>(28,071)</u>
Operating expenses:			
Housing assistance payments	37,966	58,224	(20,258)
Repairs and maintenance	1,873	2,386	(513)
Administrative costs	6,179	6,054	125
Utilities	517	856	(339)
Depreciation	1,669	1,702	(33)
Other	979	887	92
Total operating expenses	<u>49,183</u>	<u>70,109</u>	<u>(20,926)</u>
Operating income	<u>3,511</u>	<u>10,656</u>	<u>(7,145)</u>
Non-operating revenues (expenses):			
Gain on sale of assets	-	95	(95)
Change in equity of investment in partnership	1,390	256	1,134
Gain (loss) on investments	296	(232)	528
Interest and amortization	(932)	(927)	(5)
Total non-operating revenues (expenses)	<u>754</u>	<u>(808)</u>	<u>1,562</u>
Income before capital contributions	4,265	9,848	(5,583)
Capital contributions			
HUD nonoperating contribution	502	297	205
Increase in net position	4,767	10,145	(5,378)
Net position, beginning balance	<u>35,050</u>	<u>24,905</u>	<u>10,145</u>
Net position, ending balance	<u>\$ 39,817</u>	<u>\$ 35,050</u>	<u>\$ 4,767</u>

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis, Continued
June 30, 2023**

(Dollars in thousands)

Total operating revenues decreased by \$28,071 or 34.8% from the prior year. Intergovernmental revenues decreased by \$21,094 or 31.4% mainly due to the decrease of the Housing Assistance Payment receipts. Rental income decreased by \$2,663 or 33.3%. Other revenue decreased by \$4,314 or 75.9% primarily due to the decrease of development fees.

Total operating expenses decreased by \$20,926 or 29.8%. This decrease is primarily due to the \$20,258 decrease in housing assistance payments, \$513 decrease in repairs and maintenance, \$125 increase in administrative costs, \$339 decrease in utilities, \$33 decrease in depreciation, \$92 increase in other operating expenses.

Non-operating revenues (expenses) increased by \$1,562 or 193.3% mainly due to change recognized in equity of investment in partnership and investment income on deposits with the County.

Capital contributions increased by \$205 or 69.0%.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the Authority's capital assets were \$36,610 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, and office equipment.

During FY 2022-23, capital assets increased by \$5,196. This net increase was primarily attributable to \$6,864 in capital assets additions offset by \$1,669 of depreciation.

Additional detail may be found on page 22 in the Notes to Basic Financial Statements.

Debt and Obligations

At the end of the current fiscal year, the Authority had total obligations outstanding of \$12,634. This amount consists of: Washington County Loan Agreement amounting to \$10,195, Berkadia Bank Mortgage, Cornelius Village Apartments amounting to \$1,516, Office of Community Development amounting to \$649, and Farmer's Home Administration amounting to \$274. Additional detail may be found on pages 23 and 24 in the Notes to Basic Financial Statements.

Budget Information

The Authority is not subject to Oregon Local Budget Law.


Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Executive Director, Housing Authority of Washington County, 161 NW Adams Ave., Suite 2000, Hillsboro, OR 97124-3082, (503) 846-4794.



Washington County Oregon

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Basic Financial Statements

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Statement of Net Position

	Housing Authority of Washington County June 30, 2023	Discretely Presented Component Units December 31, 2022
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents	\$ 17,750,128	\$ 154,348
Restricted cash and cash equivalents	1,284,179	3,717,345
Accounts receivable, net	2,901,445	555,627
Supply inventory	5,000	-
Other current assets	28,191	133,263
Total current assets	<u>21,968,943</u>	<u>4,560,583</u>
Noncurrent assets:		
Restricted cash and cash equivalents	6,819,313	-
Contracts receivable	15,600	-
Notes receivable	26,559,548	-
Investments in partnerships	3,273,321	-
Capital assets		
Leased assets, non-depreciable	-	25,246,257
Leased assets, depreciable, net	-	36,368,806
Capital assets, non-depreciable	14,547,757	1,001,476
Capital assets, depreciable, net	22,061,790	11,917,150
Total noncurrent assets	<u>73,277,329</u>	<u>74,533,689</u>
Total assets	<u>95,246,272</u>	<u>79,094,272</u>
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	2,070,312	6,807,225
Unearned revenue	301,426	78,064
Accrued interest payable	8,913	694,644
Current portion of notes and contracts payable	682,497	-
Current liabilities payable from restricted assets:		
Tenant and other deposits	446,286	1,248,486
Total current liabilities	<u>3,509,434</u>	<u>8,828,419</u>
Noncurrent liabilities:		
Notes and contracts payable	11,951,308	64,403,703
Deposits payable from restricted assets	185,531	-
Total noncurrent liabilities	<u>12,136,839</u>	<u>64,403,703</u>
Total liabilities	<u>15,646,273</u>	<u>73,232,122</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred refunding gain	275,964	-
Deferred inflow leases	39,506,869	-
Total deferred inflow of resources	<u>39,782,833</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	23,699,778	10,129,986
Restricted	7,399,429	3,685,897
Unrestricted	8,717,959	(7,953,733)
Total net position	<u>\$ 39,817,166</u>	<u>\$ 5,862,150</u>

See accompanying notes to the basic financial statements.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY**
(A Component Unit of Washington County, Oregon)
Statement of Revenues, Expenses and Changes in Net Position

	Housing Authority of Washington County for the year ended June 30, 2023	Discretely Presented Component Units for the period ended December 31, 2022
Operating revenues:		
Intergovernmental revenue, HUD PHA operating grants	\$ 42,647,887	\$ -
Intergovernmental revenue, local grants	3,329,916	-
Rental income	5,343,968	1,594,771
Other	1,371,646	77,767
Total operating revenues	<u>52,693,417</u>	<u>1,672,538</u>
Operating expenses:		
Housing assistance payments	37,966,073	-
Repairs and maintenance	1,872,789	48,975
Administrative costs	6,178,904	391,835
Utilities	517,534	304,113
Depreciation	1,669,082	911,346
Other	979,368	284,546
Total operating expenses	<u>49,183,750</u>	<u>1,940,815</u>
Operating income (loss)	<u>3,509,667</u>	<u>(268,277)</u>
Non-operating revenues (expenses):		
Change in equity of investments in partnerships	1,390,005	-
Gain on investments	296,135	2,569
Interest and amortization	(931,561)	(786,112)
Total non-operating revenues (expenses)	<u>754,579</u>	<u>(783,543)</u>
Income (loss) before capital contributions	<u>4,264,246</u>	<u>(1,051,820)</u>
Capital contributions		
HUD nonoperating contribution	502,430	-
Partner contributions	-	6,121,188
Total capital contributions	<u>502,430</u>	<u>6,121,188</u>
Increase in net position	<u>4,766,676</u>	<u>5,069,368</u>
Net position, beginning balance	<u>35,050,490</u>	<u>792,782</u>
Net position, ending balance	<u>\$ 39,817,166</u>	<u>\$ 5,862,150</u>

See accompanying notes to the basic financial statements.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Cash flows from operating activities:	
Cash received for services provided	\$ 51,553,711
Cash payments for labor and benefits	(4,853,924)
Cash payments for goods and services	(41,787,192)
Net cash provided by operating activities	<u>4,912,595</u>
Cash flows from capital and related financing activities:	
Capital grants	502,430
Acquisition of capital assets, net	(6,864,255)
Decrease in contracts receivable	2,624
Current maturities and principal payments of notes payable	(645,658)
Interest paid on notes payable	(952,954)
Net cash used in capital and related financing activities	<u>(7,957,813)</u>
Cash flows from investing activities:	
Increase in investments	296,135
Partnership distribution	2,417,802
Issuance of notes receivable	(259,548)
Net cash provided by capital and related investing activities	<u>2,454,389</u>
Net decrease in cash and cash equivalents	(590,829)
Cash and cash equivalents, beginning balance	<u>26,444,449</u>
Cash and cash equivalents, ending balance ¹	<u>\$ 25,853,620</u>
Reconciliation of operating income to net cash provided from operating activities:	
Operating income	\$ 3,509,667
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,669,082
Deferred inflow leases	(403,131)
Changes in assets and liabilities:	
Increase in accounts receivable, net	(1,027,536)
Decrease in other current assets	94,164
Increase in accounts payable	1,192,217
Decrease in deposits payable	(9,697)
Decrease in unearned revenue	(112,171)
Net cash provided by operating activities	<u>\$ 4,912,595</u>
¹ Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Current assets - unrestricted	\$ 17,750,128
Current assets - restricted	1,284,179
Noncurrent assets - restricted	6,819,313
	<u>\$ 25,853,620</u>
Supplemental disclosure of non-cash transactions	
Change in equity of investment in partnership	<u>\$ 1,390,005</u>
	<u>1,390,005</u>

See accompanying notes to the basic financial statements.

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements
June 30, 2023**

1. The Authority and Summary of Significant Accounting Policies

The Authority

The Housing Authority of Washington County (Authority) is a municipal corporation established under Oregon Revised Statutes, Chapter 456, to provide low-cost housing to individuals meeting criteria established by the U.S. Department of Housing and Urban Development (HUD). As provided by statute, the Housing Authority of Washington County Board of Directors is the governing body of the Authority, appointed by the Washington County (County), Oregon Board of County Commissioners. HUD provides the Authority with grants for the modernization of low-income housing. In addition, HUD provides rental subsidies and administrative fees for the operation of the program.

The Authority, under the criteria of the Governmental Accounting Standards Board (GASB), is considered a blended component unit of Washington County, Oregon. The Authority is presented as an Enterprise Fund in Washington County's Annual Comprehensive Financial Report.

The governmental reporting entity consists of the Authority, as the primary government, and its component units. Component units are legally separate organizations for which the Board of Directors is financially accountable or other organizations whose nature and significant relationship with the Authority are such that the exclusion would cause the Authority's financial statements to be misleading or incomplete. The basic financial statements include three blended component units. The blended component units are considered part of the Authority's operations, and so financial information from these units are combined with information of the Authority.

Blended Component Units

The Authority's operations include two blended component units, which are included in the basic financial statements and consist of legally separate entities for which the Authority is financially accountable.

HAWC Cornelius Village LLC, an Oregon limited liability company with the Authority serving as the sole member of the HAWC Cornelius Village LLC and its Executive Director serving as the sole manager, was formed to acquire Cornelius Village Apartments, a 14-unit multi-family apartment located at 122 N. 29th Avenue in Cornelius. This LLC is considered a blended component unit of the Authority.

HAWC Aloha Inn LLC, an Oregon limited liability company with the Authority serving as the sole member of the HAWC Aloha Inn LLC and its Executive Director serving as the sole manager, was formed to acquire Heartwood Commons Apartments (former Aloha Inn) located at 3333 SW 198th Avenue, Aloha. This property was converted to a regulated affordable housing project with 54 studio bedrooms. This LLC is considered a blended component unit of the Authority.

The financial statements for these blended component units are included in Note 9.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023

Discretely Presented Component Units

The Authority follows the guidance provided by the Governmental Accounting Standards Board (GASB) for the relationship of housing authorities as general partners of limited low-income tax credit partnerships whereby the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to the housing authority. The Authority exercises the majority of control over day-to-day operations.

The Authority is a partner in two discretely presented component unit limited partnerships:

HAWC AHP4 Limited Partnership (AHP4), five multiple family properties (331 units) consisting of Bonita Villa, Villager, Parkside, Aloha Park and Ridge at Bull Mountain located in Beaverton, Tigard, and Forest Grove, Oregon, were leased from the Authority on June 9, 2022. The Authority is the sole member of the HAWC AHP4 GP, LLC which is the general partner and owns 0.008% investment in the HAWC AHP4 Limited Partnership. The Authority has 0.001% investment as a special limited partner.

The Valfre at Avenida 26 Limited Partnership, a 36-unit affordable housing community located in Forest Grove, Oregon. The Authority is the sole member of the HAWC Valfre, LLC which is the general partner and owns 0.005% investment in The Valfre at Avenida 26 Limited Partnership. The Authority has 0.005% investment as a special limited partner.

The limited partnerships have a December 31 year-end and complete financial statements may be obtained by contacting the Executive Director, Housing Authority of Washington County, 161 NW Adams Ave., Suite 2000, Hillsboro, OR 97124-3082.

Measurement Focus and Basis of Accounting

The Authority's financial statements are prepared on the flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) affecting the net position of the Authority. Revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted vs. Unrestricted Net Position

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023

Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating. Operating revenues are generated through the Authority providing assisted housing in HUD-mandated programs and from tenants of Authority-owned properties. Operating expenses include the costs associated with the payment of rental assistance and managing Authority-owned properties. Revenues and expenses generated from interest or other activities are treated as non-operating.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents consists of cash on hand, amounts deposited in checking accounts and pooled funds held and invested by Washington County, Oregon. This treatment is in conformity with GASB Statement No. 9, which states that deposits in cash management pools that have the general characteristics of demand deposit accounts are appropriately classified as cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of receivables for federal grants, tenant rent, and tenant repayment agreements related to tenant unreported income. Management reviews the accounts receivable balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivable.

Other Current Assets

Other current assets consist of supplies inventory and prepaid expenses.

Restricted Assets, Liabilities, and Net Position

Assets, the use of which is restricted to specific purposes by statute or bond indenture and related liabilities, are segregated on the Statement of Net Position.

Contracts Receivable

The Authority holds one second mortgage for low-income home purchasers in the amount of \$15,600.

The Authority also holds one second mortgage for a low-income home purchaser in the original amount of \$101,250, which is not reflected in the Statement of Net Position, as the mortgage is incrementally forgiven 50% over thirty years, and is forgiven in full upon death of the purchaser, providing the purchaser uses the property as a primary dwelling during this time. The likelihood of early payment is indeterminable.

Notes Receivable

Notes receivable includes \$25,800,000 of sponsor acquisition financing loan for the HAWC AHP4 Limited Partnership, \$500,000 of promissory note for The Valfre at Avenida 26 Limited Partnership, and \$259,548 of sponsor loan for Tigard Triangle Limited Partnership.

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023**

Investments in Partnerships

Investments in partnerships represent the Authority's equity interest in Quatama Housing Limited Partnership in amount of \$2,223,590, Willow Creek Crossing Limited Partnership in amount of \$1,049,681, and Gateway Commons Developer, LLC in amount of \$50. These investments are accounted using the equity method. Under the equity method, the initial investment is recorded at cost and increased or decreased by the Authority's share of income or loss and is increased by contributions and decreased by distributions. Investment in these partnerships were recorded as of December 31, 2022, the latest available audited financial statements.

Capital Assets

Capital asset items purchased are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at acquisition value at the time received.

Major additions, improvements and replacements with an acquisition cost of more than \$5,000 and a useful life of more than one year are capitalized. Normal maintenance and repairs are charged to operations as incurred. Gains or losses realized from sales of capital assets are reflected in the Statement of Revenues, Expenses and Changes in Net Position.

Depreciation is computed on capital assets placed in service using the straight-line method over their estimated useful lives as follows:

Buildings	30 Years
Building and site improvements	15 Years
Office equipment	7 Years
Vehicles	5 Years
Computer hardware	5 Years
Computer software	3 Years

Unearned Revenue

Unearned revenue consists primarily of prepaid rent received from tenants, advanced grant payments received from HUD programs and payments received from non-HUD sources that have not been earned as of June 30, 2023.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflow amount is associated with the refunding of the 2009 Full Faith & Credit Obligation issued by the County (see Note 4). The deferred refunding gain on refunded debt is amortized using the straight-line method over the shortest remaining original life of the debt instruments refunded.

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023**

Vested Compensated Absences, Sick Pay, Other Post-Employment Obligation, and Net Pension Liability

The Authority's personnel are exclusively contracted Washington County employees. Accordingly, the liability of vested compensated absences, sick pay, other post-employment obligation, and net pension liability are recorded by the County.

2. Cash and Cash Equivalents

Deposits with Financial Institutions

The Authority's deposits with financial institutions are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the Authority's remaining deposits in excess of FDIC insurance are considered to be fully collateralized.

Credit Risk

Cash and cash equivalents include pooled cash and investments held by Washington County, Oregon on behalf of the Authority. Reference should be made to the Washington County, Oregon Annual Comprehensive Financial Report for June 30, 2023 for information with respect to credit risk.

Custodial Credit Risk

Washington County, Oregon maintains a common cash and investment pool for all County funds including those of the Authority. The types of investments in which the County may invest are restricted by State of Oregon Statutes and a Board adopted investment policy. Authorized investments include general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bankers' acceptances, certain high-grade commercial paper, repurchase agreements, and the State of Oregon Local Government Investment Pool, among others.

At June 30, 2023, the Authority's cash and cash equivalents are comprised of the following:

Bank accounts	\$	9,685,312
Reserves held by lenders		480,850
Accounts administered by subcontracted management companies		3,122,110
Deposits with Washington County Investment Pool		<u>12,565,348</u>
Total cash and cash equivalents	\$	<u>25,853,620</u>

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023

Cash and cash equivalents are reflected on the Statement of Net Position as follows:

Unrestricted:		
Cash and cash equivalents	\$	17,750,128
Restricted for:		
Affordable housing county bond reserve		1,118,200
AHP4 set-aside		3,502,548
Replacement reserves		1,974,012
HAP funds and FSS escrow forfeiture account		577,544
Retainage in escrow		3,033
Restricted for payment of current liabilities		742,624
Restricted for payment of noncurrent liabilities		185,531
Total restricted		<u>8,103,492</u>
Total cash and cash equivalents	\$	<u>25,853,620</u>

3. Capital Assets

Capital asset activity is as follows:

	Balance June 30, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 10,547,757	\$ -	\$ -	\$ -	\$ 10,547,757
Construction in progress	<u>2,775,291</u>	<u>4,000,000</u>	<u>-</u>	<u>(2,775,291)</u>	<u>4,000,000</u>
Total capital assets not being depreciated	<u>13,323,048</u>	<u>4,000,000</u>	<u>-</u>	<u>(2,775,291)</u>	<u>14,547,757</u>
Capital assets being depreciated:					
Buildings and improvements	57,730,698	2,856,900	-	2,775,291	63,362,889
Office equipment and other	107,640	-	-	-	107,640
Vehicles	<u>280,596</u>	<u>7,354</u>	<u>-</u>	<u>-</u>	<u>287,950</u>
Total capital assets being depreciated	<u>58,118,934</u>	<u>2,864,254</u>	<u>-</u>	<u>2,775,291</u>	<u>63,758,479</u>
Less accumulated depreciation for:					
Buildings and improvements	(39,651,383)	(1,665,074)	-	-	(41,316,457)
Office equipment and other	(107,640)	-	-	-	(107,640)
Vehicles	<u>(268,584)</u>	<u>(4,008)</u>	<u>-</u>	<u>-</u>	<u>(272,592)</u>
Total accumulated depreciation	<u>(40,027,607)</u>	<u>(1,669,082)</u>	<u>-</u>	<u>-</u>	<u>(41,696,689)</u>
Total capital assets being depreciated, net	<u>18,091,327</u>	<u>1,195,172</u>	<u>-</u>	<u>2,775,291</u>	<u>22,061,790</u>
Total capital assets, net	<u>\$ 31,414,375</u>	<u>\$ 5,195,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,609,547</u>

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023

4. Long-term Debt

Washington County Loan Agreement

On November 5, 2009, Washington County issued \$28,985,000 in Full Faith and Credit Refunding Obligations, Series 2009, to defease and refund the Authority's outstanding Revenue Bonds Series 1999A, 2001A and B, and 2002A, in return for a promissory note issued on behalf of the County requiring payments by the Authority to the County sufficient to pay the semi-annual bond payments required by the Full Faith and Credit Refunding Obligations. The Authority also issued second trust deeds to the County to secure the debt. The County's 2009 Full Faith & Credit Obligation was refunded on June 5, 2019 with net premium of \$2,170,000. The promissory note issued to the County was amended to \$24,030,000. New 2019 Full Faith & Credit Refunding Obligation was partially defeased on June 9, 2022 when five multiple family properties (332 units) were leased to a low-income tax credit partnership, HAWC AHP4 Limited Partnership. The promissory note issued to the County was amended to \$11,400,000. The proceeds of \$11,035,000 were deposited in an irrevocable trust fund with an escrow agent to provide funds for future debt service payments on the defeased bonds. As a result, this portion is considered defeased and the liability was removed from the Statement of Net Position.

Cornelius Village Apartments Acquisition Loan

The Authority acquired a 14-unit multi-family apartment in November 2019 with \$500,000 from Washington County, \$385,000 from the Authority and \$1,570,000 from a Berkadia Bank acquisition loan.

Notes and Contracts Payable

Changes in long-term notes and contracts payable are as follows:

Notes	Amount Issued	Interest Rates	Outstanding June 30, 2022	Increase	Decrease	Outstanding June 30, 2023
Farmer's Home Administration	\$ 361,000	9.00 to 9.50%	\$ 282,323	-	\$ (8,327)	\$ 273,996
Office of Community Development	652,310	0.00%	648,573	-	-	648,573
Washington County Loan Agreement	11,400,000	3.00 to 5.00%	10,810,000	-	(615,000)	10,195,000
Berkadia Bank Mortgage, Cornelius Village Apartments	1,570,000	5.34%	1,538,568	-	(22,332)	1,516,236
			<u>\$ 13,279,464</u>	<u>\$ -</u>	<u>\$ (645,659)</u>	<u>\$ 12,633,805</u>

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023**

Future maturities of notes and contracts payable principal and interest are as follows:

<u>Fiscal year ending June 30,</u>	Notes and Contracts Payable	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 682,497	\$ 566,290
2025	719,926	531,362
2026	757,302	494,735
2027	794,855	456,183
2028	322,387	415,901
2029-2033	4,826,613	1,525,824
2034-2038	2,894,349	462,989
2039-2043	987,303	77,213
Due on sale of property	648,573	-
	<u>\$ 12,633,805</u>	<u>\$ 4,530,497</u>

Current and future maturities at year-end are summarized as follows:

Current maturities	\$ 682,497
Non-current maturities	<u>11,951,308</u>
	<u>\$ 12,633,805</u>

5. Transactions with Related Parties

The Authority paid Washington County \$1,060,171 for administrative, vehicle maintenance, legal and allocated overhead expenses, and \$4,302,516 for salaries and benefits for contracted employees.

6. Insured Risks

Potential liabilities for workers' compensation, liability/casualty and unemployment compensation claims are covered under the self-insurance plans maintained by Washington County, Oregon. Accordingly, insurance reserves are recorded by the County. Reference should be made to the Washington County, Oregon Annual Comprehensive Financial Report for the year ended June 30, 2023 for treatment of insurance risks. Potential liabilities for property and general liability are covered under the Housing Authorities Risk Retention Pool (HARRP). Claims incurred by the Authority are submitted and paid by the Risk Retention Pool. During the past three fiscal years there were no settlements which exceeded insurance coverage.

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023

7. Conduit Debt Obligations

The Authority has issued multi-family Housing Revenue Bonds to provide financial assistance to private sector entities for the construction, acquisition and rehabilitation of affordable housing. The bonds are fully secured by letters of credit and are payable solely from payments received from the developer on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, or the State and, accordingly, have not been reported in the accompanying basic financial statements.

As of June 30, 2023, there were two series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of \$27,050,542.

8. Litigation

The Authority has various claims and pending legal proceedings outstanding. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the Authority. In the opinion of management, the ultimate disposition of such proceedings are not expected to have a material adverse financial effect on the Authority.

9. Blended Component Units

Condensed financial information for the blended component units is as follows:

	HAWC Cornelius Village LLC	HAWC Aloha Inn LLC
Assets:		
Assets, excluding capital assets	\$ 44,379	\$ (683,172)
Capital assets	2,195,763	10,432,965
Total assets	2,240,142	9,749,793
Liabilities:		
Other current & restricted liabilities	100,344	213,803
Long-term debt	1,492,892	-
Total liabilities	1,593,236	213,803
Net position:		
Net investment in capital assets	679,526	10,432,965
Restricted	11,597	-
Unrestricted (deficit)	(44,217)	(896,975)
Total net position	\$ 646,906	\$ 9,535,990

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023

	HAWC Cornelius Village LLC	HAWC Aloha Inn LLC
Operating revenues:		
Intergovernmental revenues	\$ -	\$ 1,975,541
Rental income	207,160	84,956
Other revenue	4,510	-
Total operating revenues	211,670	2,060,497
Operating expenses	189,897	559,274
Operating income	21,773	1,501,223
Non-operating revenues (expenses)	(82,750)	(27,683)
Capital contributions and transfers	-	200,000
Change in net position	(60,977)	1,673,540
Net position, beginning of year	707,883	7,862,450
Net position, end of year	\$ 646,906	\$ 9,535,990

10. Discretely Presented Component Units

Condensed financial information for the blended component units is as follows:

	HAWC AHP4 Limited Partnership December 31, 2022	The Valfre at Avenida 26 Limited Partnership December 31, 2022	Total
Assets:			
Assets, excluding capital assets	\$ 4,258,718	\$ 301,865	\$ 4,560,583
Capital assets, net	61,615,063	12,918,626	74,533,689
Total assets	65,873,781	13,220,491	79,094,272
Liabilities:			
Other current & restricted liabilities	7,824,793	1,003,626	8,828,419
Long-term debt	55,337,976	9,065,727	64,403,703
Total liabilities	63,162,769	10,069,353	73,232,122
Net position:			
Net investment in capital assets	6,277,087	3,852,899	10,129,986
Restricted	3,685,897	-	3,685,897
Unrestricted	(7,251,972)	(701,761)	(7,953,733)
Total net position	\$ 2,711,012	\$ 3,151,138	\$ 5,862,150

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements, Continued
June 30, 2023

	HAWC AHP4 Limited Partnership for period ended December 31, 2022	The Valfre at Avenida 26 Limited Partnership for year ended December 31, 2022	Total
Operating revenues:			
Rental income	\$ 1,378,632	\$ 216,139	\$ 1,594,771
Other revenue	72,568	5,199	77,767
Total operating revenues	<u>1,451,200</u>	<u>221,338</u>	<u>1,672,538</u>
Operating expenses	<u>1,621,388</u>	<u>319,427</u>	<u>1,940,815</u>
Operating loss	<u>(170,188)</u>	<u>(98,089)</u>	<u>(268,277)</u>
Non-operating revenues (expenses)	(458,830)	(324,713)	(783,543)
Capital contributions	<u>3,340,030</u>	<u>2,781,158</u>	<u>6,121,188</u>
Change in net position	2,711,012	2,358,356	5,069,368
Net position, beginning of year	<u>-</u>	<u>792,782</u>	<u>792,782</u>
Net position, end of year	<u>\$ 2,711,012</u>	<u>\$ 3,151,138</u>	<u>\$ 5,862,150</u>

11. Subsequent Events

On July 6, 2023, the Authority acquired Woodspring Apartments, a 172-unit multi-family complex located at 16100 SW 113th Avenue in Tigard for \$46,600,000 to serve low-income households at 80% of area median family income. This property had been a regulated affordable complex. The affordability requirements expired on January 1, 2021 with a three-year safe harbor period, which ends on December 31, 2023. The Authority completed this purchase with a \$25,000,000 loan from Oregon Housing & Community Services, a \$20,250,000 loan from Banner Bank and \$4,000,000 directly funded from the Authority.

On December 8, 2023, the Authority syndicated five multiple-family properties (260 units in total) consisting of Marilann Terrace, Holly Tree Village, Amberwood Apartments, Tarkington Square and Cornelius Village to a low-income tax credit partnership, HAWC AHP Phase II Limited Partnership. The remaining balances of the promissory note payable to the County (for the 2019 Full Faith & Credit Refunding Obligation) and the Berkadia Bank Mortgage on Cornelius Village Apartments were paid in full with the proceeds from this syndication transaction.

On December 21, 2023, the Authority acquired a parcel of land under three acres at 15751 NW Brugger Road, that sits on the corner of NW Kaiser Road, for \$3,675,000. This property will be used to develop approximately 75 multi-family units to serve low-income households at 40% to 60% of area median family income. The Authority completed this purchase with a \$2,646,000 loan from Oregon Housing & Community Services, and \$1,029,000 directly funded from the Authority.



Washington County Oregon

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Other Supplementary Information

THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Financial Data Schedule
June 30, 2023

FDS #	Assets	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.EHV Emergency Housing Vouchers	14.EFA FSS Escrow Forfeiture	Low Rent Public Housing	6.1 Component Unit - Discretely Presented at December 31, 2022	1 Business Activities	HAWC Total
	Current assets								
	Cash								
111	Unrestricted	\$ 1,565,670	-	39,957	-	3,018,874	139,934	13,125,627	17,890,062
112	Restricted - modernization and development	-	-	-	-	-	3,300,965	1,974,012	5,274,977
113	Other restricted	635,679	91,408	-	35,989	-	198,546	4,623,780	5,585,402
114	Tenant security deposits	-	-	-	-	89,027	232,248	140,302	461,577
115-020	Restricted for payment of current liabilities, FSS	216,957	-	-	-	-	-	-	216,957
115-030	Restricted for payment of current liabilities	-	-	72,246	-	-	-	224,092	296,338
100	Total cash	2,418,306	91,408	112,203	35,989	3,107,901	3,871,693	20,087,813	29,725,313
	Receivables								
121	Accounts receivable - PHA projects	34,887	-	-	-	-	-	-	34,887
122	Accounts receivable - HUD other projects	228,568	-	-	-	149,375	-	-	377,943
124	Accounts receivable - other governments	-	-	-	-	-	39,207	603,501	642,708
125	Accounts receivable - miscellaneous	73,388	-	-	-	1,620	297,193	1,459,926	1,832,127
126	Accounts receivable - tenants	-	-	-	-	48,934	219,227	345,227	613,388
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(40,126)	-	(28,626)	(68,752)
128	Fraud recovery	126,475	-	-	-	4,116	-	-	130,591
128.1	Allowance for doubtful accounts - fraud	(102,445)	-	-	-	(3,375)	-	-	(105,820)
120	Total receivables net of allowances for doubtful accounts	360,873	-	-	-	160,544	555,627	2,380,028	3,457,072
142	Prepaid expenses and other assets	-	-	-	-	-	133,263	28,191	161,454
143	Inventories	-	-	-	-	10,000	-	-	10,000
143.1	Inventories - allowance for obsolete	-	-	-	-	(5,000)	-	-	(5,000)
150	Total current assets	2,779,179	91,408	112,203	35,989	3,273,445	4,560,583	22,496,032	33,348,839
	Non-current assets								
	Capital assets								
161	Land	-	-	-	-	3,824,630	3,821,476	6,723,127	14,369,233
162	Buildings	-	-	-	-	18,417,732	48,524,546	44,945,157	111,887,435
164	Furniture, equipment and machinery - administration	39,702	-	-	-	299,171	670,557	56,717	1,066,147
166	Accumulated depreciation	(31,699)	-	-	-	(16,410,603)	(909,147)	(25,254,387)	(42,605,836)
167	Construction in progress	-	-	-	-	-	22,426,257	4,000,000	26,426,257
160	Total capital assets, net	8,003	-	-	-	6,130,930	74,533,689	30,470,614	111,143,236
171	Notes, loans and mortgages receivable non-current	-	-	-	-	-	-	26,575,148	26,575,148
176	Investment in partnership	-	-	-	-	-	-	3,273,321	3,273,321
180	Total non-current assets	8,003	-	-	-	6,130,930	74,533,689	60,319,083	140,991,705
290	Total assets	\$ 2,787,182	91,408	112,203	35,989	9,404,375	79,094,272	82,815,115	174,340,544
	Liabilities and net position								
	Liabilities								
	Current liabilities								
312	Accounts payable	\$ 191,514	-	-	-	356,346	7,009,026	1,422,606	8,979,492
325	Accrued interest payable	-	-	-	-	-	694,644	8,913	703,557
333	Accounts payable - other government	-	-	-	-	99,846	-	-	99,846
341	Tenant security deposits	-	-	-	-	89,027	224,951	140,302	454,280
342	Unearned revenue	11,746	-	72,246	-	24,132	78,064	193,302	379,490
343	Current portion of long-term debt, capital projects	-	-	-	-	-	-	682,497	682,497
345	Other current liabilities	216,957	-	-	-	-	821,734	-	1,038,691
310	Total current liabilities	420,217	-	72,246	-	569,351	8,828,419	2,447,620	12,337,853
	Non-current liabilities								
351	Long-term debt, capital projects	-	-	-	-	-	62,461,821	11,951,308	74,413,129
353	Other non-current liabilities	185,531	-	-	-	-	1,941,882	-	2,127,413
350	Total non-current liabilities	185,531	-	-	-	-	64,403,703	11,951,308	76,540,542
300	Total liabilities	605,748	-	72,246	-	569,351	73,232,122	14,398,928	88,878,395
400	Deferred inflow of resources	-	-	-	-	-	-	39,782,833	39,782,833
	Total liabilities and deferred inflows	\$ 605,748	-	72,246	-	569,351	73,232,122	54,181,761	55,429,106
	Net position								
508	Net investment in capital assets	8,003	-	-	-	6,130,930	10,129,986	17,560,845	33,829,764
511.4	Restricted net position	450,148	91,408	-	35,989	-	3,685,897	6,821,884	11,085,326
512.4	Unrestricted net position	1,723,283	-	39,957	-	2,704,094	(7,953,733)	4,250,625	764,226
513	Total net position	2,181,434	91,408	39,957	35,989	8,835,024	5,862,150	28,633,354	45,679,316
600	Total liabilities and net position	\$ 2,787,182	91,408	112,203	35,989	9,404,375	79,094,272	82,815,115	174,340,544

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for Public Housing Authorities. This Financial Data Schedule is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC.

**THE HOUSING AUTHORITY OF WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)
Financial Data Schedule
For the Fiscal Year Ended June 30, 2023**

FDS #	Revenues and expenses	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.896 FSS Grant	14.EHV Emergency Housing Vouchers	14.EFA FSS Escrow Forfeiture	14.850 Operating Fund	14.872 Capital Fund	6.1 Component Unit - Discretely Presented through December 31, 2022	1 Business Activities	HAWC Total
70300	Net tenant rental revenue	\$ -	-	-	-	-	1,089,252	-	1,595,109	4,254,715	6,939,076
70400	Tenant revenue - other	-	-	-	-	-	13,029	-	78,408	40,875	132,312
70600	HUD PHA operating grants	37,853,508	2,020,757	116,960	1,157,494	-	1,009,408	-	-	-	42,158,127
70610	Capital grants	-	-	-	-	-	-	502,430	-	-	502,430
70800	Other government grants	-	-	-	-	-	-	489,760	-	3,329,916	3,819,676
71100	Investment income - unrestricted	(3,247)	-	-	-	-	(2,308)	-	-	300,190	294,635
71400	Fraud recovery - unrestricted	69,375	-	-	-	-	-	-	-	-	69,375
71400	Fraud recovery - restricted	6,157	-	-	-	-	-	-	-	-	6,157
71500	Other revenue	27,945	-	-	-	-	35,989	-	-	2,568,283	2,632,217
72000	Investment Income - restricted	1,500	-	-	-	-	-	-	1,928	-	3,428
70000	Total revenues	37,955,238	2,020,757	116,960	1,157,494	35,989	2,109,381	992,190	1,675,445	10,493,979	56,557,433
91100	Administrative salaries	1,138,907	-	-	16,894	-	268,480	-	151,833	338,449	1,914,563
91200	Auditing fees	25,279	-	-	357	-	13,934	-	-	7,330	46,900
91300	Management fee	-	-	-	-	-	-	-	113,264	185,266	298,530
91400	Advertising and marketing	-	-	-	-	-	527	-	5,127	18,870	24,524
91500	Employee benefit contributions	634,946	-	-	9,830	-	157,923	-	20,833	90,915	914,447
91600	Office expenses	68,865	-	-	271	-	9,148	-	24,259	91,339	193,882
91700	Legal expenses	606	-	-	-	-	-	-	6,479	18,028	25,113
91800	Travel expenses	427	-	-	-	-	12	-	1,371	15,828	17,638
91810	Allocated overhead	1,024,567	-	-	14,844	-	691,285	-	-	632,183	2,362,879
91900	Other operating	164,643	-	-	338	-	73,642	-	35,280	306,245	580,148
92100	Tenant services - salaries	2,292	-	72,448	-	-	-	-	-	-	74,740
92200	Relocation Costs	-	-	-	-	-	9,972	-	117,714	-	127,686
92300	Tenant services - benefits	-	-	44,512	-	-	-	-	-	-	44,512
92400	Tenant services - other	26,999	-	-	-	-	30	-	84	3,370	30,483
93100	Water	-	-	-	-	-	43,910	-	51,946	138,745	234,601
93200	Electricity	-	-	-	-	-	9,667	-	23,547	73,259	106,473
93300	Gas	-	-	-	-	-	3,727	-	10,178	10,235	24,140
93600	Sewer	-	-	-	-	-	45,609	-	101,616	181,751	328,976
93800	Other utility expense	-	-	-	-	-	8,192	-	46,597	2,457	57,246
94100	Maintenance salaries	-	-	-	-	-	332,852	-	95,393	199,864	628,109
94200	Materials and other	35	-	-	-	-	142,357	-	34,286	137,779	314,457
94300	Contract costs	-	-	-	-	-	139,301	-	201,781	680,489	1,021,571
94500	Maintenance benefits	-	-	-	-	-	172,605	-	17,674	64,119	254,398
96110	Property insurance	-	-	-	-	-	93,921	-	57,826	151,829	303,576
96120	Liability insurance	5,724	-	-	-	-	6,204	-	25,884	19,829	57,641
96140	Other insurance	1,318	-	-	-	-	4,615	-	4,063	1,095	11,091
96200	Other general expenses	91,797	-	-	-	-	40,412	-	150	426,054	558,413
96300	Payments in lieu of taxes	-	-	-	-	-	99,846	-	-	-	99,846
96400	Bad debt - tenant rents	65,942	-	-	-	-	(16,033)	-	338	(13,186)	37,061
96710	Interest on notes payable	-	-	-	-	-	-	-	652,561	952,789	1,605,350
96730	Bond amortization	-	-	-	-	-	-	-	135,750	(21,228)	114,522
96900	Total operating expenses	3,252,347	-	116,960	42,534	-	2,352,138	-	1,935,834	4,713,703	12,413,516
97000	Excess (deficiency) of operating revenue over operating expenses	34,702,891	2,020,757	-	1,114,960	35,989	(242,757)	992,190	(260,389)	5,780,276	44,143,917
97200	Casualty losses - non-capitalized	-	-	-	-	-	2,475	-	111,639	-	114,114
97300	Housing assistance payments	34,656,315	1,972,923	-	1,085,390	-	-	-	-	225,113	37,939,741
97350	HAP portability in	26,332	-	-	-	-	-	-	-	-	26,332
97400	Depreciation expense	4,008	-	-	-	-	337,540	-	909,147	1,327,534	2,578,229
90000	Total expenses	37,939,002	1,972,923	116,960	1,127,924	-	2,692,153	-	2,956,619	6,266,350	53,071,931
10070	Other financing sources (uses)	-	-	-	-	-	-	-	229,353	-	229,353
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	229,353	-	229,353
10000	Excess (deficiency) of total revenue over (under) total expenses	16,236	47,834	-	29,570	35,989	(582,772)	992,190	(1,051,820)	4,227,629	3,714,856
Memo Account Information											
11030	Beginning equity (deficit)	\$ 2,165,198	43,574	-	10,387	-	8,425,606	-	6,913,970	24,405,725	41,964,460
11170	Administrative fee equity	\$ 1,731,286	-	-	-	-	-	-	-	-	1,731,286
11180	Housing assistance payments equity	450,148	91,408	-	-	-	-	-	-	-	541,556
11190	Unit months available	35,790	2,376	-	1,068	-	2,928	-	2,202	3,594	47,958
11210	Unit months leased	32,653	1,781	-	912	-	2,892	-	1,734	3,413	43,385
11620	Buildings and building improvements	-	-	-	-	-	-	502,430	-	-	502,430

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for Public Housing Authorities. This Financial Data Schedule is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC.



Washington County Oregon

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**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
with *Government Auditing Standards***

&

**Independent Auditor's Report on Compliance and
Internal Control over Financial Reporting Based
on an Audit of Financial Statements Performed
in Accordance with Oregon State Regulations**





Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of Washington County, Hillsboro, Oregon (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 19, 2024. Our report includes a reference to other auditors who audited the financial statements of Quatama Housing, LP (Quatama) and Willow Creek Crossing LP (Willow Creek), equity investments of the Authority, as described in our report on the Authority's financial statements. Our report also includes a reference to other auditors who audited the financial statements of HAWC AHP4 LP (AHP4) and The Valfre at Avenida 26 LP (The Valfre), discretely presented component units of the Authority, as described in our report on the Authority's financial statements. The financial statements of Quatama, Willow Creek, AHP4, and The Valfre were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those financial statements reported on separately by other auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Talbot, Kowalek & Warwick, LLP

Portland, Oregon
January 19, 2024



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224
 P 503.274.2849 F 503.274.2853 www.tkw.com

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND INTERNAL CONTROL
 OVER FINANCIAL REPORTING BASED ON AN AUDIT
 OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Housing Authority Board of Directors
 Washington County Board of Commissioners
 Housing Authority of Washington County
 Hillsboro, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of Washington County, Hillsboro, Oregon (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated January 19, 2024. Our report includes a reference to other auditors who audited the financial statements of Quatama Housing, LP (Quatama) and Willow Creek Crossing LP (Willow Creek), equity investments of the Authority, as described in our report on the Authority’s financial statements. Our report also includes a reference to other auditors who audited the financial statements of HAWC AHP4 LP (AHP4) and The Valfre at Avenida 26 LP (The Valfre), discretely presented component unites of the Authority, as described in our report on the Authority’s financial statements. The financial statements of Quatama, Willow Creek, AHP4, and The Valfre were not audited in accordance with Oregon State Regulations, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those financial statements reported on separately by other auditors.

Compliance

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)**

Compliance (Continued)

In connection with our testing, nothing came to our attention that caused us to believe the Authority was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Purpose of This Report

This report is intended solely for the information and use of the Board of Directors, Board of County Commissioners, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowolow & Warwick, LLP

Portland, Oregon
January 19, 2024



Washington County Oregon

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Washington County Oregon

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Washington County Oregon